

Date: September 5, 2006
From: Idaho Department of Commerce and Labor
Research & Analysis Bureau
Att: Manuel Leon, Research Analyst Supervisor

Subject: August 2006 Employment and Unemployment Situation

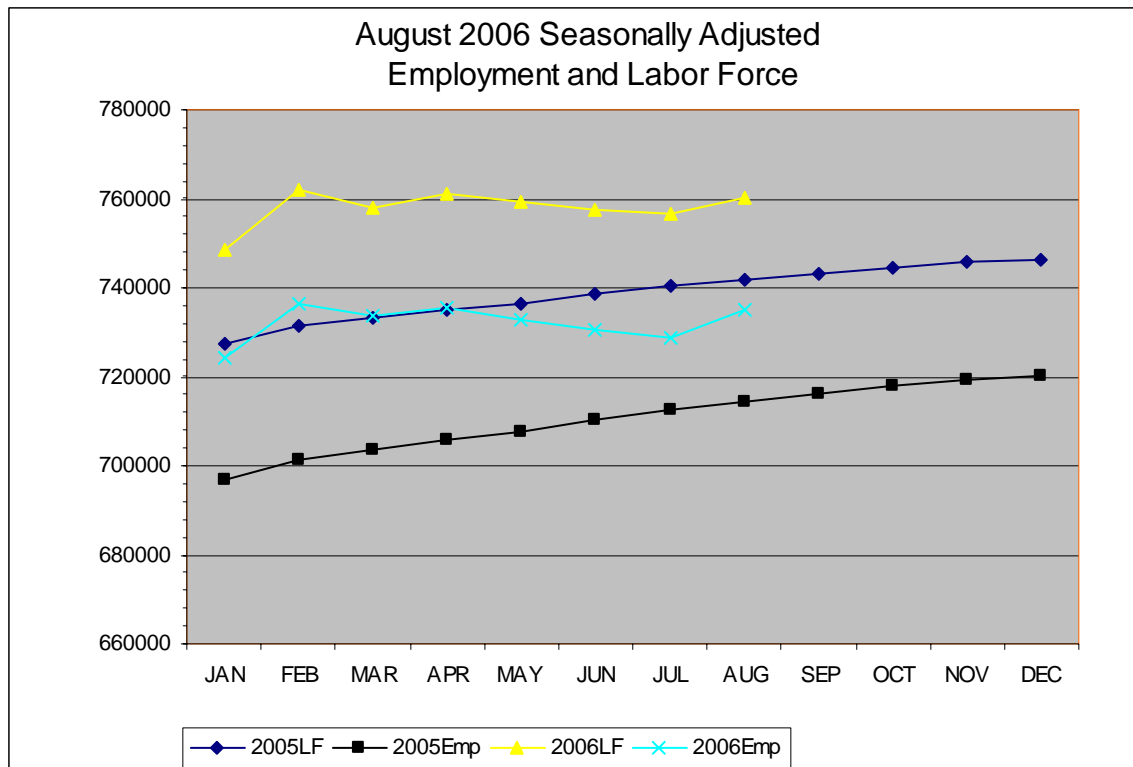
Overview

Seasonally adjusted employment in August was 20,800 higher than a year ago, and unemployment was 2,300 lower. The August unemployment rate of 3.3 percent was four-tenths of a percent lower than a year ago. The year-to-year employment gain was 2.9 percent compared to 4.8 percent in August 2005. The preliminary nonfarm employment for August showed strong year-to-year increases in the Construction, Financial activities, Administrative and Support Services and Leisure and Hospitality sectors of the economy.

August 2006 Employment Situation

Seasonally adjusted employment in August showed an increase compared to July. Employment in August increased by 6,100 compared to July while the labor force increased by 3,900. By comparison, from July 2005 to August 2005, employment increased by 1,600 and the labor force increased by 1,200.

The graph below shows seasonally adjusted employment and labor force for 2005 and 2006. Since February, employment had slowly drifted downward reflecting a slow down in the expansion of the state economy. However, in August, employment took a sharp upward turn suggesting that economic expansion had resumed. However, employment is still below the level of February and it will take another month to confirm that growth has resumed.



The graph below shows the percent year-to-year employment changes for August from 2001 to 2006. In August 2006, the year-to-year employment gain was 2.9 percent, stronger than the 2.3 percent gain in July 2006, but weaker than the 4.8 gain in August 2005 and the 3.8 gain in 2004.

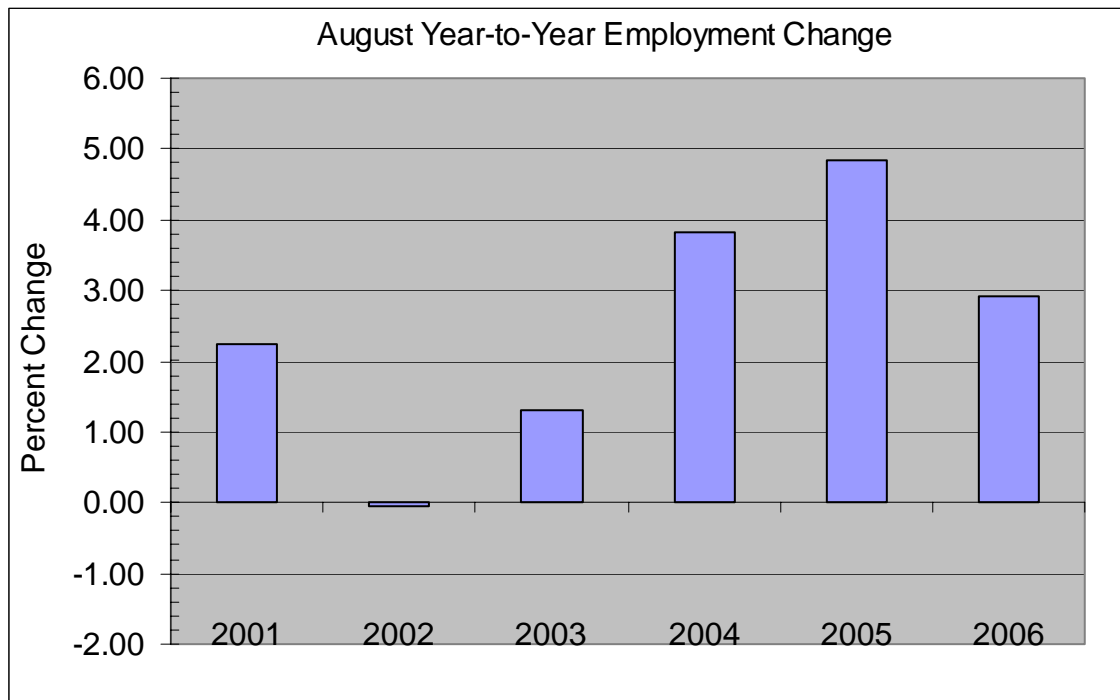


Table 1 below is a summary of the changes in the labor force from the previous month and from the same month in the previous year.

TABLE 1: Monthly and year-to-year changes in the labor force.

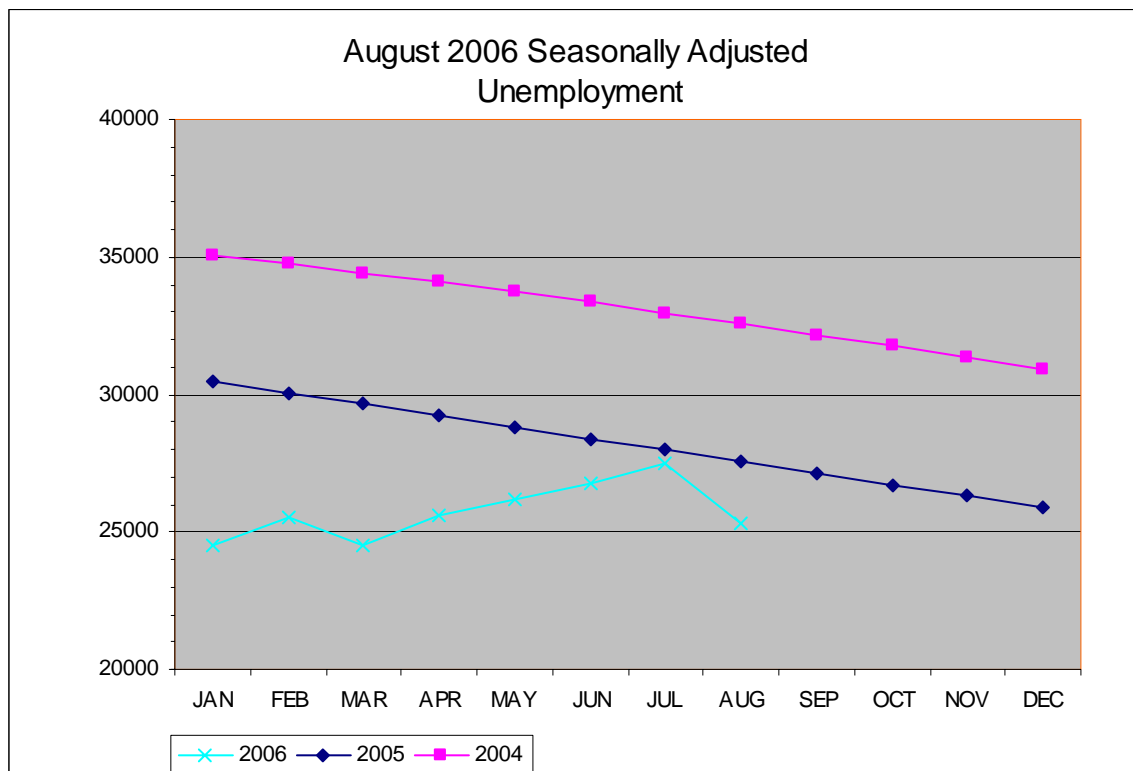
	August 2006	July 2006	August 2005	Change from Last Mo	Change from Last Yr
LABOR FORCE	760,400	756,500	741800	3,900	18,600
UNEMPLOYED	25,300	27,500	27600	-2,200	-2,300
% UNEMPLOYED	3.3	3.6	3.7	-0.3	-0.4
EMPLOYED	735,100	729,000	714300	6,100	20,800

August 2006 Unemployment Situation

Unemployment in August decreased by 2,200 compared to July. The August unemployment rate of 3.3 percent was three-tenths of a percent lower than in July and four-tenths of a percent lower than in August

2005. Over the year, unemployment was 2,300 lower than in August 2005. The decrease in unemployment in August broke a four month stretch of steadily increasing unemployment. August unemployment claims without earnings totaled 5,620; 21.7 percent lower than in August 2005.

The graph below shows seasonally adjusted unemployment for 2005 and 2006. In August 2006, the number of unemployed was 25,300; in August 2005, the number of unemployed was 27,500. The decrease in unemployment in August was a sharp reversal of the steady upward increase in unemployment observed since March 2006. The reversal could represent the beginning of a steady decrease in unemployment propelled by an expanding economy or a return to a base level representing full employment. It will take another month or two to determine whether unemployment has resumed the steady downward trend of recent years.



September Forecast.

In August, employment increased by 6,100 ending a downward trend that started in March; and unemployment decreased by 2,200 ending an upward trend that started in April. The August employment and unemployment figures were brighter than expected and eased any fears that the state economy was fizzing out. If employment in construction holds up, there is no reason to think that September employment will not continue the upward trend.